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Youth employment: impact, challenges and opportunities for social development

Note by the Secretariat

I. Background

1. Youth, defined as persons between 15 and 24 years of age, comprise some 89 million of the total of 192 million people out of work in 2005. Young people represent around one fifth of the world's population, but half of the total unemployed global workforce. Recent data of the International Labour Organization (ILO) suggest that over one fourth of all youth in sub-Saharan Africa, one third of all youth in Central and Eastern Europe, and roughly one in seven youths in developed countries are neither in education nor in employment.

2. Globalization and rapid technological development have given rise to increased labour mobility, bringing new employment opportunities and new uncertainties. There has also been an increase in part-time, casual and other forms of atypical employment. As new entrants in the labour market, young people experience the effects of all those changes directly.

3. The Copenhagen Declaration and Programme of Action[1] underlined the centrality of youth employment to social development, through both poverty alleviation and social integration, when it called for developing and strengthening programmes targeted at youth living in poverty in order to enhance their economic, educational, social and cultural opportunities, to promote constructive social relations among them and to provide them with connections outside their

* E/CN.5/2007/1.

[1] *Report of the World Summit for Social Development, Copenhagen, 6-12 March 1995* (United Nations publication, Sales No. E.96.IV.8), chap. I, resolution 1, annex I.

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communities to break the intergenerational cycle of poverty. It also committed to giving special priority, in the design of policies, to the problems of structural, long-term unemployment and underemployment of youth, and called for policies aimed to enhance employment opportunities and increasing ways and means of helping youth to develop the skills they need to enable them to find employment.

4. Recently, there has been an intensified response at the intergovernmental level to develop and implement strategies that would give young people everywhere a real chance to find decent and productive work. The Youth Employment Network, which was established in 2000 as a joint effort of ILO, the World Bank and the United Nations, is a global initiative to support that goal.

II. The impact of youth employment on society

5. For every young person, a job offering decent work is an important step in completing the transition to adulthood and a milestone towards achieving independence and self-reliance. For children and young people living in poverty and in other disadvantaged situations, employment is often the main means for attaining a better life, although such employment is often informal and entails poor or exploitative working conditions. For more fortunate youth, prospective employment influences their choice of education and training and, increasingly, their decisions regarding marriage, kinship and cohabitation.

6. For society, youth employment promotes social integration, intergenerational dialogue, citizenship and solidarity. Creating and fulfilling income-generating job opportunities for young people can have direct positive consequences for the alleviation of poverty. Youth employment thus benefits social development. It also benefits economic development by facilitating the entry of young people with skills into the productive sectors of an economy and enabling the economy to sustain or increase its productivity and competitiveness in the global marketplace.

7. However, growing and persistent youth unemployment has a negative impact on social development. Youth unemployment, in particular long-term youth unemployment, can generate frustration and low self-esteem, and can lead to increased vulnerability among some young people to drugs, disease and crime. Youth unemployment can also lead to the marginalization and exclusion of young people. There is evidence that unemployment can expose youth to greater risks of lower future wages, repeated periods of unemployment, longer spells of unemployment as adults and poverty. Unemployment rates are typically higher for young women than for young men, while youth in rural areas face different challenges from their urban peers. In addition, young people with disabilities continue to face enormous challenges in the labour market. In some countries, ethnicity, particularly among young migrants, is a factor in their social exclusion and marginalization.

8. Youth unemployment can impose large economic costs on society. The necessity to address the needs of long-term unemployed youth can become a significant burden on public budgets. When there is a mismatch between the education and training that young people receive and the requirements of employers, or if the employment opportunities are simply not there, both young people and society bear the costs.

9. When some youth are unable to either complete their education and training or successfully negotiate their way to employment, there is a need to offer them second chances through supported training programmes or job placement schemes. Yet, on a per capita basis, there is a high cost associated with such programmes. Therefore, it is imperative that the education, employment and social services helping young people get it right the first time.

III. Challenges of youth employment for social development

10. Given the significant impact of youth employment on social development, it is critical for all countries to address the urgent challenges of youth employment, including:

(a) Undertaking the creation of adequate productive and decent work for all young people and tackling underemployment and the increasing informalization of employment;

(b) Ensuring that all young people have access to education and training and are given the opportunity to fully realize their capabilities;

(c) Dealing with the obstacles that young people face in the labour market so that they can take full advantage of employment opportunities and successfully navigate the transition from school to work;

(d) Addressing the gender discrimination young women face in the labour force and other forms of discrimination, such as those based on disability and ethnicity;

(e) Harnessing the forces of globalization and exploiting new technologies to create new employment opportunities for young people;

(f) Mitigating the negative impact of migration, which for many young people may represent the only viable opportunity for employment, and brain drain;

(g) Addressing the relationship between adolescent reproductive health and youth employment, and youth employment in conflict and post-conflict countries.

11. Many of these challenges have been comprehensively addressed by the High-level Panel of the Youth Employment Network as expressed in their four priorities for youth employment:

(a) To improve employability by investing in education and vocational training for young people. While enrolment in secondary and tertiary education continues to expand, too many young people miss the opportunity to obtain education and training for good, productive jobs;

(b) To ensure equal opportunities for young women and men. Young women, in particular face discriminatory policies, structural barriers and cultural prejudices in the labour market;

(c) To promote and facilitate entrepreneurship by making it easier to start and run enterprises in order to provide more and better jobs for young women and men. Entrepreneurship should be supported so that enterprises can sustain themselves;

(d) To place employment creation at the centre of macroeconomic policy. For employability, equal opportunity and entrepreneurship to be most effective, there must be an enabling environment in which employment creation is placed at the centre of macroeconomic and other public policies.

12. Yet, the employment issues of young people extend beyond formal unemployment, and simply focusing on the number of youth that are unemployed can be misleading because it fails to take account of such factors as the extent of underemployment, wage levels below the poverty line, inadequate labour standards and lack of social protection. Additionally, there is a need to pay attention to out-of-school youth who are not actively seeking work, and are thus not in the labour force because of a disability, involvement in household work, or who are simply discouraged from entering the labour force after unsuccessfully competing with a large pool of peers for a limited amount of vacancies.

IV. Opportunities for social development

13. The opportunities for youth employment to promote and sustain economic and social development are clear. ILO estimates that if the prevailing unemployment rate of youth is reduced to the level of adult unemployment, global gross domestic product would increase by between 4.4 and 7.0 per cent. Such a reduction in youth unemployment is achievable and would certainly contribute to poverty alleviation and thus to social development.

14. The national action plans for youth employment being undertaken by a growing number of countries around the world within the framework of the Youth Employment Network provide an important vehicle to promote peer exchange and support among countries, in addition to the ongoing social dialogue and partnerships between Governments, the private sector, civil society, and youths themselves. The implementation of the four priority areas of the Youth Employment Network could create an enabling environment for youth employment to flourish and for all young people to realize their potential as productive members of society. For young people living in poverty, strengthening their entrepreneurial and innovative skills for self-employment are valuable opportunities that will contribute to poverty reduction, social integration and social development. However, self-employment is not for everyone, and sustainable employment growth is needed to ensure that the full potential of young people is tapped. Opportunities for temporary work overseas for young people should also be explored as a means of training and broadening their work experience.

V. Discussion points

15. The Commission may wish to consider the following suggested discussion points:

(a) What steps can be taken to ensure that employment creation is given a more central role in macroeconomic policy and poverty reduction strategies? What can be done to ensure that economic growth is more pro-poor and macroeconomic policy more sensitive to the need to promote youth employment? For instance, how

can employment, particularly youth employment, be made an integral part of the poverty reduction strategy papers?

(b) What is needed to ensure that the benefits of globalization are maximized to provide more and better opportunities for youth employment? How should labour mobility, in particular cross-border mobility, be managed to minimize the negative effects of brain drain and the hollowing out of rural communities?

(c) How can education and training be improved to better facilitate the transition from school to work? What steps can be taken to introduce and exploit new technologies, in particular information and communication technology, in order to create new opportunities for youth employment?

(d) What can be done to improve interventions in the labour market to increase the employability of young people, particularly among the most disadvantaged and vulnerable groups of young people?

(e) How can workers and employers and their respective organizations contribute to the implementation of youth employment policy? What is the role of the private sector?

(f) How can social dialogue be improved to ensure that young people participate in the process of policy formulation and implementation? What more can be done to ensure that youth employment policies are more socially inclusive and promote social integration?